

Rep. Gutierrez Commends Consumer Protections, Common Sense Reforms

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(Washington, DC) Rep. Luis V. Gutierrez, Chair of the Subcommittee on Financial Institutions and Consumer Credit, announced that landmark reforms to the credit card industry will go into effect today thanks to the Credit CARD Act. The law, which was passed by this Congress and signed by President Obama last year, will end unfair industry practices and protect consumers from abusive tactics like retroactive rate increases, misleading late fee charges and over-limit fee traps.

“When so many American families are struggling to make ends meet, consumers deserve to be treated fairly by their credit card companies,” said Rep. Gutierrez. “That’s what this new law will do: level the playing field for consumers.”

The new law bans retroactive interest rate hikes on existing balances (except when payments are more than 60 days late), double-cycle billing and due-date gimmicks. Additionally, it stops companies from charging over-the-limit fees unless the consumer opts in. Consumers will save at least \$10 billion a year from curbs on interest rate increases alone, according to the Pew Charitable Trust which tracks credit card issues.

The Credit CARD Act is part of our long-term plan to rebuild our economy in a way that works

for middle-class families and rewards responsibility and hard work – not high-flying finance schemes. For that reason, Rep. Gutierrez also introduced an amendment to the Act that requires any payment made by a consumer toward his or her credit card bill to go toward paying off the highest APR balance before tackling any lower APR balance. This reversal of previous, underhanded tactics enables consumers to pay off their highest interest rates first and helps them to avoid becoming caught in a never-ending cycle of debt.

“The people of the 4th district work hard and play by the rules; they deserve fair treatment from their credit card companies. The Credit CARD Act gives Americans the information and rights they need to make smart, informed decisions about their financial lives,” continued Rep. Gutierrez.

Specifically, the law increases notice of any rate hikes going forward on new purchases to 45 days, requires card companies to fairly credit and allocate payments and prohibits charging fees just to pay a bill by phone. It also protects young consumers by requiring that before cards can be issued to anyone under 21, a parent must co-sign or an ability to pay must be demonstrated.

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